



NATIONAL AUTOMOBILE DEALERS ASSOCIATION
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Legal & Regulatory Group

March 28, 2005

Via E-Mail

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Re: Docket No. R-1217

Dear Secretary Johnson:

The National Automobile Dealers Association ("NADA") submits the following comments in response to the Federal Reserve System's ("Board") advanced notice and request for comment on a review of the open-ended credit rules of Regulation Z. 69 Fed. Reg. 70525 (December 8, 2004).

NADA represents approximately 20,000 franchised automobile and truck dealers who sell new and used vehicles and engage in service, repair and parts sales. Our members employ more than 1.3 million people nationwide. A significant number of our members are small businesses as defined by the Small Business Administration.

Due to the complexity of Regulation Z requirements, NADA supports the Board's decision to review Regulation Z in stages, rather than reviewing the regulation in its entirety at this time. One of the main purposes of the Truth in Lending Act (TILA) is to provide meaningful disclosure of credit terms. Regulation Z requires an extensive number of disclosures to be conspicuous and prominent. However, important disclosures become less meaningful to consumers when too much information is provided. It would likely be more effective to keep disclosures simple and clear, resulting in increased consumer understanding. This approach would also assist consumers in making more informed credit decisions, which is another goal of TILA.

The Board also requests comment on whether additional model clauses or forms would be helpful. The answer is clearly affirmative. Model clauses and forms that the Board could provide would help ease compliance burdens, particularly for smaller businesses that lack sufficient staff and funding to implement new regulatory requirements.

NADA appreciates the opportunity to comment on this matter.

Sincerely,

Smitha Koppuzha
Staff Attorney